App. F. IX-4

1939. (Sericulture)

File No. 60-39

Serial Nos. 1-8

Previous References.
Seri 125-37-1-2
Dept no 1466 of 37

Later References.
~~Seri~~ 60-39 (9-13)
38-41-1

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. eight

Part B for July 40

SUBJECT.

Proposal to grant an industrial loan of Rs 75,000/- to the Mysore Silk Filatures on certain terms.

86) No 380-62 dated 19.7.40

To the Chairman, Mysore Silk Filatures
" Dr of Ste
" Comptr this Dept

Sanctions the request of the Company

P 69/E)

Secretary to Govt
21/7/40

1/

Serial No.	
1	From the Chairman, the Mysore Silk Filatures Ltd. No 6192. 23-2-40. Requests to take up 12,326 shares being the balance left out of the first issue of 40,000 shares, to enable the Company to start branch filatures at certain centres. Govt have purchased 1500 shares of the Mysore Silk Filatures Ltd at Rs 10 per share, which amounts to Rs 15,000. The Filatures require Rs 40,000 to establish branch filatures at Channapatna, Siddaghatta, Kudesn and Yelandur, which yield a net profit of Rs 4800 or 12% on the capital. A sum of over a lakh of rupees ~~or even~~ more is required to purchase the remaining 12,326 shares. The Dir of Ind & Com may be consulted in the first instance. Submitted for orders. 4/3/40 The Director of Industries and Commerce may be consulted 4/3/40 Duly yes 13/3 Forwarded with compliments unofficially to the Dir of Industries and commerce for favour of opinion. By order for. Secretary to Govt Dev Development Department.

Govt No. 1757 39-40
15/3/40.

NOTE Contn. Sheet

Ser 50

File No. of 1937. | General and Revenue Secretariat.

Serial No.

9) Returned, with Compliments, to the Development Secretary & Govt

7) The Mysore Silk Filatures Ltd request the Govt to purchase 12,326 Shares (at a cost of Rs 12,3,260) left unsent out of the first issue of 40,000 shares. In every business, it is usual to carefully gauge the working of the concern for some time & go in for further expansion. It would be advisable for the company to await the working results of the company before starting a scheme of expansion on a large scale. The prospects of obtaining profit may be good just now. But a concern has to take into consideration the results that could be obtained under normal conditions, before venturing on more capital expenditure. This is especially the case with silk filatures.

8) Unlike the case of the Spun silk factory this is not even a case of the urgent need of capital to improve an existing concern.

9) Therefore, I am of opinion that the Govt may await the successful working of the present filature for some time before considering a proposition of this kind.

B.P. Mudaliar
Mcs-Leo.

10) Submitted for orders with ref to para 3 supra.

29/3/40

29/3/40 11) Done.

29 MAR 19 DEVELOPMENT BRANCH

DEV. DEP.

Taking up 329-1
Taking up increase shares of the Silk Filatures to enable the Co. to start branch filatures

General and Revenue Secretariat | Ser. File No. 60 of 1939. | [App. F. III-

Serial No.

12) Submitted for orders.

13) (Secretary, Rev. Dept.) 3/4

SECRETARIAT U.O.No.F. 306. - APR. 1940 BANGALORE.

14) I agree with the views expressed by the Director of Industries and Commerce that it is desirable to await the successful working of the present filature for some time before considering further development. Past experience has shown that almost all the new concerns established during recent years with Government support, have not yet been able to realise the original anticipations and the prospect of their earning adequate profits is found to be rather remote. The successful working of the silk industry depends upon several factors, in respect of which we have no control, and we cannot reasonably hope to realise large profits from the operations. On the other hand, there is great risk of loss. We have therefore to proceed with good caution in respect of development of such industries and carefully assess beforehand the prospect of possible losses to be set off against present gains.

15) At present, Government hold shares of the value of Rs. 15,000 against the share capital of Rs. 4 lakhs. Even if further assistance by Government is required, the total share capital to be taken by Government need not exceed ten percent of the total share capital (shares of the value of Rs. 40,000 inclusive of the 1,500 shares already held by Government). For the balance of unsubscribed capital, the company has to invite public

NOTE—Contn. Sheet.

Taking of shares of the Silk Filatures.

3016 3227

3227

4

Sri File No. 60 of 1939. General and Revenue Secretariat.

Serial No.

support after the concern is found to work satisfactorily and declare fair dividend for some time. Till then further development has to be avoided.

AD 12.4.40

Qpr

Ce 13/4

17) I shall be glad to discuss this with the Dir D & C and the Supt of Sericulture

18) Draft letter Submtd.

17/4/40

Ce 17/4

by 18/4/40 mcd

19)

Mr 4861 dated 22.4.40

Dy Dir of Sericulture

Informing that the Hon'ble Minister wishes to discuss the matter

20) This subject was discussed with Mr N. Ramarao and the tentative views of Govt as communicated to him were as follows:-

21) 1) Govt would be prepared to take additional shares 2500 additional shares, making a total of 4000.

22) 2) If any further financial help is required, the company may apply for a loan from Govt on the usual terms.

23) 3) The starting of a filature at Channapatna centre may be left to the Sheen Silk Mills Ltd.

OFFICE OF THE SECRETARY TO GOVERNMENT
APR 15 1940
9546

OFFICE OF THE SECRETARY TO GOVERNMENT
27 MAY 1940
23/4/40
DEVELOPMENT BRANCH

Taking shares of the Silk Filatures

3237 5

General and Revenue Secretariat. Secr File No. 60 of 1939. [App. F. III-2

Serial No.

24) c) The purchase of additional shares by Govt would be subject to the condition that the Company should be reorganised on the lines of other State-aided companies, that is to say

25) (a) There should be no managing agents

26) (b) The Chairman and one other Director should be nominated by Govt

27) c) The appointments of Manager and Secretary should be subject to the approval of Govt

28) d) The accounts of the Company should be open to audit by Govt auditors.

29) Pending the reconstruction of the Company as above (which may take time), let the Company take all necessary loans if it is anxious and ready to open additional centres immediately at Sidlaghatta and the other places (excepting Channapatna)

Recd 9/5/40

9/5

9/5

30) Draft letter to the Chairman, Mysore Silk Filatures Ltd. and to the Dir of I & C Subtd.

10/5/40

31) Issued

2 No S 242 dated 14.5.40 to the Chairman, M.S.F. Stating that the Company may take on small loans & ready to open addl. centres at Sidlaghatta and other places (excepting Channapatna)

MAY 9 1940 No 10468

NOTE.—Contn. Sheet

b

3(2)/5432

File No. ED of 1938 | General and Reverse Secretariat.

Serial No. 3

M D 5243 dated 14-5-40

To the Dewan

States that certain tentative views of Govt communicated to him during his interview with the 1st member of council.

From the Chairman, the Mysore Silk Filatures 4

dated 17-5-40

Requests to inform him the conditions on which Govt will extend the concession of a loan to the company

Subtd for orders with ref. to paras 20 to 29 Supra.

23/5/40

337 Daly

Ce 25/5/40

337 The conditions for the grant of an immediate loan should be similar to those allowed to the Spun Silk Mills Please consult Mr Fri Secy

339 I understand that this company would require a cash credit of Rs 70,000

29/5/40

Ce 29/5/40

OFFICE OF THE FIRST MEMBER OF COUNCIL MAY 25 1940 11102

SECRETARIAT U.O.No. Fin. 3976 29 MAY 1940

Serial No.

38) As I have stated already in my note above, dated 12th April 1940, it is necessary that Government should limit its interest in these Companies as far as possible.

39) If it is decided that there is no avoiding a loan from Government the conditions may have to vary slightly from those attaching to the loan granted to the Spun Silk Company.

40) The rate of interest was agreed to at 3½% as a very special case and that too just for a year. We are charging 5% to Sri Krishnarajendra Mills. To the Paper Mills & Chemicals, we are charging a gurantee commission of 1% for the first year and 1½% for the subsequent years. To Local Bodies also our rate is 4½%. For these reasons the interest cannot be less than 4½% and the terms of loan to the Spun Silk Co. need not be quoted as precedent for other loans. Other conditions may remain the same.

Some concession as to the rate of interest is necessary in this case also, at least for the first year

DLY

41) As the Member has minuted, it is difficult to give the loan directly as was done to the Spun Silk Co where Government had voice in the Directorate and management. I think a reconstruction on the lines indicated in the Member's minute and a formal resolutic of the reconstituted Board should precede sanction of loan.

This reconstruction will be necessary if Govt shares here more shares in the Company ~~Not~~ There is no way to prevent Govt granting an industrial loan on the basis of present & future assets

DLY

42) If the Company should require any small amount

NOTE—Contn. Sheet

P.T.O.

3976

Taking of shares of Silk Filatu

4432

Sec. File No. 60 of 1939-37

General and Revenue Secretariat.

Serial No.

OFFICE OF T. [illegible]
FIRST MEMBER OF C
JUN 11 1940
No 11848

SECY. DEV. [illegible]
11. JUN. 1940
GOVT OF [illegible]

immediately, they may apply to the Director of Industries and Commerce for an industrial loan, pending reconstruction and sanction of the higher loan.

ASA 10.6.40

Ce 11/6

11/6

43) Please see my remarks. The Secy may please speak to me

13/6/40

44) This question was discussed by the Hon'ble Mr. V. Rama Rao today.

45) The Hon. directed that a G.O. be put up sanctg. the loan of Rs 75000 as requested in Mr. Rama Rao's letter of 20.6.40*, the rate of interest being kept for the decision of the Govt. The other conditions will be as laid down in the form prescribed for industrial loans. The mortgage bond will be executed before the disbursement. The period of the loan will be 3 years in the first instance.

46) Two draft letters also to be put up to Mr. Rama Rao, one re. the loan & the other re. shares. In the former it may be stated that Govt. have taken

*o/r. Copy of that letter, which is probably with some other papers connected to be kept in this file. Ce

Attended to

Serial No.

within the term of 3 years of the loan, the Company will be able to reconstitute itself and also make endeavours to increase its share Capital

Ce
13/6
13/6

WD 0417—GPB—30,000—8-9-36

Grant of an industrial loan to the Mysore Silk Filatures

4581 10

General and Revenue Secretariat — Ser. File No. 60 of 1939. — [App. F. III–2

Serial No.	
	From - the Chairman. Mysore Silk Filatures Ltd. 30-5-40
3	Requests the grant of an industrial loan of Rs 75,000 ₤ to enable the opening of filatures immediately at Sidlaghatta and Kundana.
	4) the main file bearing Diary No 4432 was subtd to Fin. Secy on 29/5, in which the chairman, Mysore Silk Filatures Ltd has asked Govt the terms for the grant of an industrial loan. The Dir of I & C may perhaps be consulted Subtd for orders 2) 31/5
	31/5/40 4) Dealt 5) yes 3/6 3/6
5)	Draft subm 3/6 5) Issued 3/6
2	To The Dir of I & C D 5500. 4-6-40
	Fds a copy of letter referred to in Sl No 1. for opinion
3	From. The Dir of I & C D4. 456/39-40. 8-6-40
	Recommends under the circumstances explained that one half of Rs 75,000 asked for may be advanced as loans to the Mysore Silk Filatures and the proportion may be Rs 32,000 ₤

SEC. DEPT. 3 JUN 1940 Cc.

TYPING SECTION 4 JUNE 1940 GEN. & TT.

NOTE—Contn. Sheet.

Grant of an Industrial loan to the Mysore Silk Filatures

11

4581 / 4710

Seri File No. 60 of 1939. | General and Revenue Secretariat.

Serial No.

towards installing 48 basins, and Rs 18,000 ₹ towards installing a unit of 24 basins respectively

52) The main file Diary no 4432 was subtd to Fin. Secy on 29/5. He has to be consulted again subtd for orders with ref to Para 4 supra.

11/6/40

53) 3 drafts subtd with ref to Paras 46 & 47 supra. This is a council case.

18/6/40

54. For favour of approval

15/6/40

55 Draft) The rate of interest is to be 6%

20/6

Secy.

56 In view of what the Fin Secy has said, I have no objection to its being fixed at 4 per cent.

21/6/40

57

21-6-40

24/6

58. Grant of an Industrial loan of Rs. 75,000/- is a Council matter

18.25.6.40

25/6/40

Draft)

JUN 20 1940 No 12131

SECY. DEV. DEPT. 20 JUN. 1940 GOVT OF MYSORE

S OFFICE 8987

SECY. DEV. DEPT. 26 JUN. 1940 GOVT OF MYSORE

4587 12

Grant of industrial loan to improve silk filature

J 471 c

General and Revenue Secretariat — Seri File No. 60 of 1939. [App. F. III-2

Serial No.	
	59 May be disposed of by circulation (Devan) Ce 26/6 26/6
9088	60 JNS 28-6-40
	Ch. Sec. 47c Ce 28/6 28/6.
	Submitted with a Circular chit Rama Bar 1/7/40. Signed JNS 2.7.40

NOTE—Contn. Sheet.

L7110

For Disposal by Circulation. **No. C. 2**

of 1940-4

GENERAL AND REVENUE SECRETARIAT

Council Matter.

Subject

Proposal to sanction an industrial loan of Rs.75,000/- to the Mysore Silk Filatures, Ltd.

61 *Circulated to the Members of Council.*
Through the Financial Secy.
2/7.40

By Order,
M Visvesvaraya
Chief Secretary to Government.

1st July 1940.

62
First Member of Council. (Seen)

63
Second Member of Council. F.C. 4.7.40

157/3.7.40.

Dev. Secy. with Compliments

SECY. DEV. DEPT. 5. JUL. 1940 GOVT. MYSORE

4.7.

64 Submitted a D.F. N.
4.7.40 65 For favour of approval
6/7/40 to Dev Secy may please speak to me
9/7/40

DEV. DEPT. JUL. 1940 MYSORE

344 Secy
8-7-40 Signed 7/7 is kept below.

C 2

14

General and Revenue Secretariat

File No. of 194 [App. F. III–2

Serial No.

DEW[illegible] OFFICE
12 JUL 1940
NO 264

Subject:-

Industrial Loan of Rs.75,000/- to the Mysore Silk Filatures, Ltd.

67

Submitted with a Submission Note.

Dewan)

NOTE—Contn. Sheet.

Submitted to His Highness.

I submit herewith a Final Note by the First *Member of Council on the subject of* the grant of an industrial loan of Rs 75,000/- to the Mysore Silk Filatures, Limited, on certain terms, *for His Highness' gracious approval.*

Mirza M. Ismail
Dewan.

Bangalore,)
11th July 1940.)

Final Note by the First Member of Council.

16

69

Subject.—

Industrial loan of Rs.75,000 to the Mysore Silk Falatures Ltd.

In February 1940, the Mysore Silk Filatures Ltd., T.Narsipur, submitted to Government a copy of a resolution passed by the Board of Directors of the Company on 31st January 1940 that Government be approached with a request that they might take up 12,326 shares of the value of Rs.10 each being the balance left out of the first issue of 40,000 shares with a view to start more filatures.

This question was discussed by me with the Director of Industries and Commerce and Mr. N. Rama Rao, the Chairman of the Company, and as a result of the discussions, Mr. Rama Rao has applied for an industrial loan of Rs.75,000 to enable the Company to open filatures immediately at Sidlaghatta and Kuderu (Chamarajnagar taluk). It is accordingly proposed to sanction an industrial loan of Rs.75,000 to the Company for a period of three years with interest at 4 per cent per annum.

The Dewan and the Second Member of Council are agreeable to the above proposals and they are submitted for the gracious approval of His Highness.

N. Rama Rao

MEMBER OF COUNCIL

Bangalore,
9th July 1940.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Proposal to grant an industrial loan of Rs. 75,000/- to the Mysore Silk Filatures, Limited, on certain terms.

Chief Sec
Mr
14-7-40

NO. 31

70 ***Order.***

~~KRW~~
12/7/40

MS
15.7.40

4719

General and Revenue
Secretariat.

Ser. 60-39. e.r

(18

SUBJECT:—

Proposal to grant an industrial loan of Rs.75,000/- to the Mysore Silk Filatures, Limited, on certain terms.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

71

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* *Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,
Development .....Department.

Ce 15/7

657
16.7.40

72

FIRST MEMBER OF COUNCIL.

16/7/40

672
16.7.40

73

SECOND MEMBER OF COUNCIL.

16.7.40

Dev. Secy. With Compliments.

TYPING S.
19 JUL 1940
BEN. &

May the 2 drafts in the file be issued?
18.18-7-40.

17.7.40

Fit. Secy: has agreed

(Vide page 13)

Draft Sanction Letter.

17/7

17/7

NOTE.—Contn. sheet

WD 04642—GPB—500—23-10-39

General and Revenue Secretariat — Ser. File No. 60 of 1939. [App. F. III-2

Serial No.	
6	G.O.No 360-62 dated 19.7.40 To the Chairman, M.S.F. Dr of Jtr Compte Hrs' H.D: Sanctioning a cash credit loan of Rs.7,500/- for expenditure for opening new filatures at Srivilliaghetta & Kudiram.

RECEIVED 24-7-40 DEPENDENT BRANCH

NOTE—Contn. Sheet.

Ser 60-39-1

GRAMS : "MYSORESILK" T. NARASIPUR.

The Mysore Silk Filatures, Limited

NAIK & Co.
MANAGING AGENTS

T. NARASIPUR
(MYSORE DISTRICT)

Mr. N. Rama Rao, B.A., B.L.,
Chairman.

Ref. No. 6192

23rd February, 1940.

DEV. DEPT. 26 FEB. 1940 GOVT. OF MYSORE

GEN & REVENUE SECRETARIAT. 26 FEB. 19 DEVELOPMENT BRANCH.

The Secretary to Government,
Development Department,
BANGALORE.

3227

Sir,

I have the honour to enclose for the favourable consideration of Government, the following resolution of the Board, at their meeting held on 31st January, 1940:-

"The Board considered it essential that the Company should be in a position to take advantage of favourable markets for silk by expanding production and starting branch Filatures at suitable centres, without loss of time. This step would be in the best interest of the Sericultural Industry as a whole. To take prompt and effectiv action it is necessary to build up a reserve of basins and capital. The capital now available wa not more than enough for the present activities. The Board decided to approach Government with a

request that they might take up 12,326 shares, being the balance left out of the first issue of 40,000 shares. The additional resources thus provided would be used for starting branch filatures at one or more of the following places - Channapatna, Kuderu, Sidlaghatta, Chikkaballapur and Yalandur."

We have at present 120 basins at work:

72 at T. Narasipur-daily production 60 lbs.
48 at Mysore - " " 60 "

The low average production per basin at T.Narasipur is due to the comparative inexperience of the newly trained labour there. The total monthly production of silk may thus be estimated at - 120 x 25 = 3,000 lbs. Against this, we have a present standing - demand of 1,000 lbs. per month from the Government Silk Weaving Factory, and we have also been regularly selling about 1,000 lbs. per month to Indianese Silk Mills, and quantities varying from 250 lbs. to 500 lbs to Sri Rama Weaving Shed and other concerns.

We have also enquiries, which only our hesitation to give an assurance at present prevents from consolidating into standing orders, for 1,000 lbs. of 13/15 silk. And in addition, we have an enthusiastic assurance from Messrs. Heymanson & Company of Australia that they would absorb all our surplus production. The supply of foreign silk in

India is much short of the demand, and prices are going up. We feel that now, if ever, is the - opportune time for Mysore Sericulture to expand, and for our silk to win a definite place of Empire significance. To miss this occassion would certainly be to fail in our duty at a critical moment.

Great as is the immediate need for expansion, and rich the promise of reward, there are obvious limitations to forcing growth in the existing Filatures at T.Narasipur and Mysore. At T. Narasipur the limiting factor is the time it takes to train labour and make it industrially minded. Even trained people take "French Leave" in seasons of agricultural field work. We have been getting recruits by the offer of high wages, fair treatment, and the creation of amenities, of which the latest is a light repast before work. Yet training takes time, and any attempt to force the pace would spell disaster - waste, and permanent grading down of - standards. It will probably take us about three months to bring up even our present installation of basins to its highest potential.

In Mysore, we had initially the advantage of experienced labour, which we have now absorbed completely; further expansion is handicapped by (1) want of room (2) higher wages, making the

training of fresh labour a costly undertaking (3) distance from cocoon areas. Our feeling is that we have to be very cautious in further expansion at Mysore.

The additional demand for Mysore silk can therefore be best met by starting branch Filatures at suitable centres in cocoon areas.

In the selection of centres regard would be had to the following facts;-

1). Availableness of cocoons of good quality, within reasonable reach.

2). Availableness of more or less skilled, or atleast educable, labour, such as Charka - reelers or sons of reelers.

3). Availableness of local support and sympathy, for subscription of shares and formation of local boards of Directors.

On a careful survey of conditions, we feel that the following centres are most suitable (the list is in the order of importance);-

Chennapatna,
Sidlaghatta,
Kuderu,
Yalandur.

The Unit for starting at any place would be 24 basins, and capital required would be:-

Land 5 acres at Rs.300/- per acre	Rs. 1,500/-
Buildings (Factory, Stores, boiler shed)	Rs.13,500/-
Machinery and Equipment	Rs.10,000/-
C.F.	Rs.25,000/-

B. F. Rs.25,000/-

Working Capital for three months Rs.15,000/-

Rs.40,000/-

A filature of this size, is estimated very conservatively to yield a net profit of Rs.4,800/- a return of 12%. The detailed estimate is enclosed for favour of reference. The estimate is based on normal prices of cocoons and silk. The profit at present prices of silk may be somewhat higher, till the consequent rise in prices of cocoons absorbs the difference, which is bound to happen sooner or later -- sooner rather than later. The benefit of higher prices will therefore almost immediately go to the raiyats who rear silk-worms, and the establishment of Filatures is the only way to secure this benefit to them.

From the above it is clear that in the permanent interest of Mysore Sericulture a number of Fil atures will have to be started in important cocoon producing centres. These will create and provide employment to skilled labour, secure the prosperity of the raiyat, stabilise the State's most important

village industry (next to agriculture), and - give our silk its due place in Empire economics. The work of Filatures will give a lead to reeling as a whole, and grade up rapidly the quality even of Charka silk. It must have come to the notice of Government - it was brought to the notice of the Board of Sericulture - how remarkably the - Charka reeling in Mamballi is ~~reaching~~ reacting to the changed atmosphere in T.Narasipur.

There can be no doubt that the present time demands the starting of a number of Filatures at - selected centres. It is on this firm conviction that the Mysore Silk Filatures, Ltd., arrived at the resolution submitted above. The Company owes its existence to Government and derives its inspiration from the solicitude for industrial development which - characterises the State's policy. We have resolved to approach Government to utilise our services, and harness our experience and special knowledge of this industry in furtherance of this policy.

Our present position is this:-

Of the 40,000 share of Rs.10/- which were issued, 27,674 shares have been taken up, of which 1,500 shares have been taken up by Government. We

have collected on these shares a sum of Rs.2,51,977-8-0 (leaving a balance of Rs.24,762- 8-0 which is in course of collection). This amount is at present distributed as follows:-

a). Land & Building & Garden	Rs.	70,000- 0- 0
b). Plant & Machinery, Fixtures including water tank and pipe line	Rs.	78,000- 0- 0
c). Investment, Preliminary expenses and brokerage	Rs.	25,200-0- 0
d). Working capital: (Cash & Bank balances, book debts, work in progress, stock of silk and cocoonsetc.)	Rs.	78,777- 8- 0
Total	Rs.	2,51,977- 8- 0

This distribution adjusts our resources in the most advantageous proportion and avoids the waste of too much or too little in any factor. The necessary result of this careful distribution is that we have no surplus from which we can immediately draw for fresh investment, and as has been sbumitted above, the situation urgently calls for fresh investments. It is essential that we should at once get ready machinery - basins, etc., - for, say, 4 filatures ~~at~~ of 24 basins each. Though fortunately we are independent of foreign supply and can make our own machines, it takes time to do so, and it is very necessary - that no time should be lost. Mere Machinery for 4 Filatures would cost Rs.20,000/- The acquisition of sites and construction of buildings would require - about Rs.60,000/- more. The buildings are designed

to provide for an eventual expansion of 100%.

Our idea is to get working capital - (Rs. ~~15,000~~ 20,000/- for each Filature) from the local people at each centre, and to constitute local Boards of - Directors, federated in the Central Board at T.Narasipur.

The places we have in mind for starting - Branch Filatures - viz., Channapatna, Sidlaghatta, Kuderu and Yalandur - are undoubtedly central in the most important silk tracts of the state. We are confident that with the support and patronage of Government we can enlist also public support and confidence, and make this undertaking a success.

I beg that Government may be pleased to consider the prayer contained in the resolution of the - Board favourably and to take up the 12,326 shares now remaining out of the first issue of 40,000 shares.

We beg to assure Government that the Mysore Silk Filatures, Ltd., realise the responsibility they are prepared to shoulder, and will do all in their - power to carry out the objects and policy of Government in regard to the Silk Industry, and to deserve their generous support and trust.

I have the honour to be
Sir,
Your most obedient servant,
For THE MYSORE SILK FILATURES, LTD.

T Ramma Rao

Arn. Chairman.

Copy of the letter No. 6142 dated 23rd February 1940 from Mr. N. Rama Rao, B.A. B.L., Chairman, The Mysore Silk Filatures, Limited, T. Narasipur.

I have the honour to enclose for the favourable consideration of Government, the following resolution of the Board, at their meeting held on 31st January 1940:-

" The Board considered it essential that the Company should be in a position to take advantage of favourable markets for silk by expanding production and starting branch Filatures at Suitable centres, without loss of time. This step would be in the best interest of the Sericultural Industry as a whole. To take prompt and effective action it is necessary to build up a reserve of basins and capital. The capital now availabe was not more than enough for the present activites. The Board decided to approach Government with a

request that they might take up 12,326 shares, being the balance left out of the first issue of 40,000 shares. The additional resources thus provided would be used for starting branch filatures at one or more of the following places - Channapatna, Kuderu, Sidlaghatta, Chikkaballapur and Yalandur".

We have at present 120 basins at work:

72 at T. Narasipur - daily production 60 lbs.
48 at Mysore " " 60 lbs.

The low average production per basin at T.Narsipur is due to the comparative inexperience of the newly trained labour there. The total monthly production of silk may thus be estimated at - ~~120X25~~ 120 x 25 = 3,000 lbs. Against this, we have a present standing demand of 1,000 lbs. per month from the Government Silk Weaving Factory, and we have also been regularly selling about 1,000 lbs. per month to Indianese Silk Mills, and quantities varying from 250 lbs to 500 lbs to Sri Rama Weaving Shed and other concerns.

We have also enquiries, which only our hesitation to give an assurance at present prevents from consolidating into standing orders, for 1,000 lbs of 13/15 silk. And in addition, we have an enthusiastic assurance from Messrs. Eeymanson and Company of Australia that they would absorb all our surplus production. The supply of foreign silk in

India is much short of the demand, and prices are going up. We feel that now, if ever, is the opportune time for Mysore Sericulture to expand, and for our silk to win a definite place of Empire significance. To miss this occasion would certainly be to fail in our duty at a critical moment.

Great as is the immediate need for expansion, and rich the promise of re-ward, there are obvious limitations to forcing growth in the existing Filatures at T. Narasipur and Mysore. At T. Narsipur the limiting factor is the time it takes to train labour and make it industrially minded. Even trained people take " French leave " in seasons of agricultural field work. We have been getting recruits by the offer of high wages, fair treatment, and the creation of amenities, of which the latest is a light repast before work. Yet training takes time, and any attempt to force the pace would spell disaster - waste and permanent grading down of standards. It will probably take us about three months to bring up even our present installation of basins to its highest potential.

In Mysore, we had initially the advantage of experienced labour, which we have now absorbed completely; further expansion is handicapped by (i) want of room, (2) higherwages, making t h e

training of fresh labour a costly undertaking (3) distance from cocoon areas. Our feeling is that we have to be very cautious in further expansion at Mysore.

The additional demand for Mysore silk can therefore be best met by starting branch Filatures at suitable centres in cocoon areas.

In the selection of centres regard would be had to the following facts:-

1) Availableness of cocoons of good quality, within reasonable reach.
2). Availableness of more or less skilled, or at least educable, labour, such as Charka - reelers or sons of reelers.
3). Availableness of local support and sympathy for subscription of shares and formation of local boards of Directors.

On a careful survey of conditions, we feel that the following centres are most suitable (the list is inorder of importance):-

Chennapatna.
Sidlaghatta.
Kuderu.
Yalandur.

The unit for starting at any place would be 24 basis, and capital required would be:-

Land 5 acres at Rs.300/- per acre	Rs.1,500/-
Buildings (Factory, Stores boiler shed)	"13,500/-
Machinery and equipment	"10,000/-
C/F.	Rs.25,000/-

	B.F. Rs.25,000/-
Working Capital for three months.	" 15,000/-
	Rs.40,000/-

A filature of this size, is estimated very conservatively to yield a net profit of Rs.4,800/- a return of 12%. The detailed estimate is enclosed for favour of reference. The estimate is based on normal prices of cocoons and silk. The profit at present prices of silk may be somewhat higher, till the consequent rise in prices of cocoons absorbs the difference, which is bound to happen sooner or later, sooner rather than later. The benefit of higher prices will therefore almost immediately go to the raiyats who rear silk-worms, and the establishment of Filatures is the only way to secure this benefit to them.

From the above it is clear that in the permanent interest of Mysore, Sericulture a number of Filatures will have to be started in important cocoon producing centres. These will create and provide employment to skilled labour, secure the prosperity of the raiyats, stabilise the State's most important

village industry (next to agriculture) and give our silk its due place in Empire economics. The work of Filature will give a lead to reeling as a whole, and grade up rapidly the quality even of Charka silk. It must have come to the notice of Government - it was brought to the notice of the Board of Sericulture - how remarkably ~~of~~ Charka reeling in Mamballi is reacting to the changed atmosphere in T.Narsipur.

There can be no doubt that the present time demands the starting of a number of filatures at selected centres. It is on this firm conviction that the Mysore Silk Filatures, Ltd., arrived at the resolution submitted above. The Company ows its existence to Government and derives its inspiration from the solicitude for industrial development which characteris-es the State's policy. We have resolved to apprach Government to utilise our services, and harness our experience and special knowledge of this industry in furtherence of this policy.

Our present position is this: -

Of the 40,000 share of Rs.10/- which were issued, 27,674 shares have been taken up, of which 1500 shares have been taken up by Government. We

have collected on these shares a sum of Rs.2,51,977-8-0 (leaving a balance of Rs.24,762-8-0 which is in course of collection). This amount is at present distributed as follows:-

a) Land & Building & Garden	Rs.	70,000	0	0
b) Plant & Machinery, fixtures including water tank and pipe line.	Rs.	78,000	0	0
c) Investment, Preliminary expenses and brokerage.	Rs.	25,200	0	0
d) Working capital: (Cash & Bank balances, book debts, work in progress, stock of silk and cocoons etc.)	Rs.	78,777	8	0
Total.	Rs.	2,51,977	8	0

This distribution adjusts our resources in the most advantageous proportion and avoids the waste of too much or too little in any factor. The necessary result of this careful distribution is that we have no surplus from which we can immediately draw for fresh investment, and as has been submitted above, the situation urgently calls for fresh investments. It is essential that we should at once get ready machiner - basins, etc., - for say 4 filatures and 24 basins each. Though fortunately we are inde-pendent of foreign supply and can make our own machines, it takes time to do so, and it is very necessary that no time should be lost. Here Machinery for 4 Filatures would cost Rs.20,000/- The acquisition of sites and construction of buildings would re-quire about Rs.50,000/- more. The buildings are designed

THE MYSORE SILK FILATURES, LIMITD.

T. NARASIPUR.

THE ESTIMATE FOR INSTALLING A UNIT OF

24 Basins.

Site and Buildings;-

Site - 5 acres at Rs.300/- per acre	Rs. 1,500/-	
Main Buildings, for the Machinery 50' x 30' with asbestos roofing at Rs.2/- per square foot.	Rs. 3,000/-	
Boiler Shed and Stifling room 2 rooms of 26' x 15' at Rs.2/- per sq. ft.	Rs. 1,200/-	
Cocoon Stores 50' x 30' Rs.2/- per sq.,ft.	Rs. 3,000/-	
Silk Stores, examination room and Office	Rs. 4,000/-	
Well with stone rivetment, water tank with structures, pumping set etc.	Rs. 1,500/-	
Miscellaneous (Watchman shed, Latrines, Luch shed, wire fencing etc.)	Rs. 800/-	
		15,000= 0- 0

MACHINERY:-

24 Mysore Basins at Rs.120/- each	Rs. 2,880/-	
Vertical boiler (for both reeling and stifling)	Rs. 1,500/-	
Electric Motors 2 of 1 H.P. for turning wheels at Rs.150/- each)	Rs. 300/-	
	Rs. 4,680 or	5,000= 0- 0

EQUIPMENT;-

Fixtures to Filature Electric fitting etc.	Rs. 500/-	
Cocoon racks	Rs. 1,000/-	
Furniture	Rs. 500/-	
Motor van for transport of cocoons	Rs 2,000/-	
Tools and plant.	Rs. 500/-	
Scientific appliances - Denier scale, Serimetre etc	Rs. 500/-	
		5,000- 0- 0

TOTAL Rs.25,000- 0- 0

The Mysore Silk Filatures, Limited

T. NARASIPUR

ESTIMATE OF THE COST OF WORKING 24 BASINS

FILATURES.

1. Total quantity of cocoons:-

Renditta 17 : 1

at 1.5 lbs. per basin x 12 basins
at 1.0 " " x 12 " } x Renditta 17 x 300 days
= 1,53,000 lbs. of cocoons.

1,53,000 lbs. of cocoons at 0-5-0 per lb. including transport and stifling. Rs. 47,800- 0- 0

Yearly average production 9,000 lbs. of silk.

2. Labour:

Reelers	24	at 0-5-0	a day for 300 days.	Rs. 2,250/-	
Cookers	16	at 0-3-0	"	Rs. 900/-	
Knotters	6	at 0-3-0	"	Rs. 337/-	
Waste preparer	8	at 0-3-0	"	Rs. 450/-	
Silk examiners	4	at 0-4-0	"	Rs. 300/-	
Skein maker	1	at 0-4-0	"	Rs. 75/-	
Cocoon stores	10	at 0-2-6	"	Rs. 470/-	
				Rs. 4,782/- or	Rs. 4,800- 0- 0

3. Supervision and Management:-

Manager		Rs. 50/-
Basins Supervisors	2	Rs. 40/-
Cocoon stores Assistant	1	Rs. 20/-
Storekeeper and Clerk		Rs. 30/-
Watchman and peon		Rs. 20/-
Basin Cleaner		Rs. 8/-
Attenders		Rs. 16/-
		Rs. 184/-
	for 12 months	Rs. 2,208/- Rs. 2,208- 0- 0

4. Power & Light:-

at Rs. 30/- a month Rs. 360- 0- 0

5. Fuel:- ¾ of a ton a day for 300 days at Rs. 8/- a ton Rs. 1,800- 0- 0

6. Repairs and Renewals:- Rs. 250- 0- 0

C. F. Rs. 57,218- 0- 0

B.F. RS.57,218- 0- 0

7. Depreciation:-

Buildings	2½ %	Rs.400/-	
Machinery	5 %	Rs.250/-	
Equipment	10 %	Rs.300/-	
Motor van	20 %	Rs.400/-	Rs. 1,350- 0- 0

8.Overhead expenses:-

Managing Agency allowance	Rs.50/-	
Industrial adviser's Hon.	Rs.25/-	
Office establishment	Rs.30/-	
Other expenses	Rs.40/-	
	Rs.145/- or Rs.150	
for 12 months	...	Rs. 1,800- 0- 0
	Total	Rs.60,368- 0- 0

Less value of silk-waste and double cocoons:

Silk waste: 5 (12) lb. per pound of silk - 4,500/- lbs. at per lb.	0-10-0 Rs.2,812- 8- 0	
Double cocoons 12,240 lbs.(8%) at 0-2-0 per lb.	Rs.1,530- 0- 0	
Total	Rs.4,342- 8- 0	Rs. 4,342- 8- 0
Cost of manufacturing 9,000 lbs. of silk		Rs.56,025- 8- 0

COST PER POUND OF SILK Rs.6-3-7.

Average selling price per lb. of silk	Rs.6-12- 0
Cost of manufacturing per lb. of silk	Rs.6- 3- 7
PROFIT PER POUND OF SILK	Rs.0- 8- 5

Profit for 9,000 lbs. Rs.4,740/-

Fixed capital	Rs 25,000/-
Working capital for 3 months	Rs 15,000/-
Total	Rs.40,000/-

PROFIT ON RS.40,000/- - Rs.Rs.4,740/- = 12 % on the capital.

Arn.

Appendix F G—1]

SUBJECT... Taking of some more shares of the Mysore Silk Filatures Ltd to enable the Co to start branch filatures

Section Sen'
File No. 60-39
Serial No.

Diary No. of letter replied to.. .....

No. D 4861

To

The Dir of Sete

Sir,

General and Revenue Secretariat

( )

the *193* .

With reference to your unofficial note dated 24-3-40 on the above subject, I am directed to inform ~~you~~ that the Finl Member of Council will be glad to discuss this ~~question~~ matter with you and the Suptdt of Sericulture any day during office hours.

I have etc

for Dev. Secy

Date of issue 22/4

Signed by Mr G.M

List of enclosures.....

Memo D 4862

Copy of the above is forwarded to the Suptdt of Sericulture, Mysore for information.

Copied by.....

B.O.

Examined by.....

For. Dev. Secy

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. D 4861 / Sri 60-39

Dated, Bangalore, 22 April 1940.

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Director of Industries and Commerce in Mysore,
Bangalore.

Sir,

Taking of some more shares of the Mysore Silk Filatures, Ltd., to enable the Company to start branch filatures.

With reference to your un-official note dated 24th March 1940 on the above subject, I am directed to inform that the First Member of Council will be glad to discuss this matter with you and the Superintendent of Sericulture any day during office hours.

I have the honour to be,
Sir,
Your most obedient servant,

Sd/- C.E.Noronha,
Secretary to Government,
Development Department.

Memo No. D 4862

Dated, Bangalore, 22nd April 1940.

Copy of the above is forwarded ~~with a copy of Circular~~ to the Superintendent of Sericulture, Mysore for information.

By Order,

22/4/40

for Secretary to Government,
Development Department.

1 Draft 1

Appendix F G—1]

SUBJECT Taking of some more shares of the Mysore Silk Filatures Ltd to enable the Company to start branch filatures.

1 | 2 drafts

Section Secr.
File No. 60-39
Serial No. 2

Diary No. of letter replied to

No. D 5242

General and Revenue Secretariat

( )

the 19

To

The Chairman,
The Mysore Silk Filatures Ltd
T. Narasipur

Date of issue 14/5/40

Sir,

Signed by Mr G.M

With reference to your letter No 6192 dated 23-2-40 on the above subject, I am directed to state that pending further consideration of the terms under which Govt are prepared to give financial help to the concern and the reconstitution of the Company on the lines indicated during your discussion with the First Member

List of enclosures

Copied by

Examined by

of council, the company may take an industrial loan if it is anxious and ready to open additional centres immediately at Siddaghatta and other places (excepting Bhaumapalna)

yours faithfully

BB

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. D 5242 / Seri 60-39

Dated, Bangalore, 14 May 1940

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Chairman,
The Mysore Silk Filatures Ltd,
T.Narasipur.

Sir,

Subject:- Taking of some more shares of the Mysore Silk Filatures Ltd, to enable the Company to start branch filatures.

.....

With reference to your letter No.6192 dated 23rd February 1940 on the above subject, I am directed to state that pending further consideration of the terms under which Government are prepared to give financial help to the concern and the reconstitution of the Company on the lines indicated during your discussion with the First Member of Council, the Company may take an industrial loan if it is anxious and ready to open additional centres immediately at Sidlaghatta and other places (excepting Channapatna).

Yours faithfully,

For Secretary to Government,
Development Department.

mk.2

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 14 May 1940

No. D 5243 Sec 60-39

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Director of Industries and Commerce in Mysore,

Bangalore.

Sir,

Subject:- Taking of some more shares of the Mysore Silk Filatures Ltd, to enable the Company to start branch filatures.

In forwarding herewith copy of letter No. D 5249 dated 14/5/40 addressed to the Chairman, The Mysore Silk Filatures Ltd., on the above subject, I am directed to state that the tentative views of Government communicated to him during his interview with the First Member of Council were as follows:-

1) Government would be prepared to take 2,500 additional shares, making a total of 4,000.

2) If any further financial help is required the Company may apply for a loan from Government on the usual terms.

3) The starting of a filature at Channapatna Centre may be left to the Spun Silk Mills Ltd.

4) The purchase of additional shares by Government would be subject to the condition that the Company should be re-organised on the lines of other state-aided companies, i.e.

(a) There should be no managing agents

(b) The Chairman and the other Director should be nominated by Government

(c) The appointments of Manager and Secretary should be subject to the approval of Government

(d) The accounts of the Company should be open to audit by Government auditors.

I have the honour to be,
Sir,
Your most obedient servant,

For Secretary to Government,
Development Department.

mk...

1 Draft 2

Appendix F G—1]

SUBJECT Taking of some more shares of the Mysore Silk Filatures Ltd to enable the Company to start branch filatures.

1 2 drafts

Section Seri
File No. 60-39
Serial No. 3

Diary No. of letter replied to.....

No. D 5243

General and Revenue Secretariat

( )

the *19*

To

The Dir of Sc

Sir,

In forwarding herewith copy of letter No. dated. D 5242 Seri 60-39 addressed to the chairman. The Mysore Silk Filatures Ltd on the above subject, I am directed to state that the tentative views of Govt communicated to during his interview with the Finance Secy him were as follows:-

Date of issue 14/5

Signed by Mr G. M.

List of enclosures.....

Copied by

Examined by.....

1) Govt would be prepared to take 2,500 additional shares, making a total of 4000.

2) If any further financial help

is required, the company may apply for a loan from govt on the usual terms.

3) The starting of a filature at Bhaumapatna centre may be left to the Spun silk Mills Ltd

4) The purchase of additional shares by govt would be subject to the condition that the Company should be re-organised on the lines of other state-aided Companies, i.e.

(a) there should be no managing agents

(b) the Chairman and the other Director should be nominated by govt

(c) the appointments of manager and Secy should be subject to the approval of govt

(d) the accounts of the Co, should be open to audit by govt auditors.

I have etc

11/4/47

for Dev. Secy

11/4

Seri 60-39-4

The Mysore Silk Filatures, Limited

T. NARASIPUR

MR. N. RAMA RAO, B.A., B.L.
CHAIRMAN

CAMP Mysore

17th May, 1940

Ref. No. .....

SECY. DEV. DEPT. * 20 MAY 1940 * GOVT OF MYSORE

The Secretary to Government
of His Highness the Maharaja of Mysore,
Development Department,
BANGALORE.

4432

REVENUE SECRETARIAT. DEVELOPMENT BRANCH.

Sir,

Subject: Government assistance to enable the Mysore Silk Filatures, Ltd., to start Branch Filatures.

With reference to your No.D 5242/Seri. 60-39 dated 14th May, 1940 suggesting that the Mysore Silk Filatures, Ltd., may take an industrial loan if it is anxious and ready to start additional Filatures, I have the honour to request you to inform me the conditions on which Government will be pleased to extend the concession of (a) loan to the Company. This information is necessary to enable me to place the matter before the Board of Directors for their decision. We anxiously await the result of further consideration of the terms under which Government would be prepared to take more shares in

our Company; and if any further information or discussion on the points is necessary. I am always at the service of Government.

I have the honour to be
Sir,
Your most obedient servant,

N Ramesa Reddy

Arn. Chairman.

Sen 60-39-3

TELEGRAMS: "MYSORESILK" BANGALORE CITY

TELEPHONE NO. 2488

The Mysore Silk Filatures, Limited

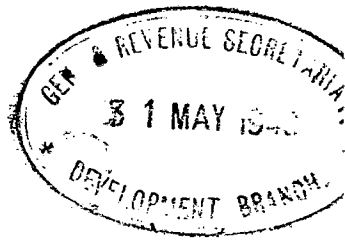
51, GANDHINAGAR, BANGALORE CITY

Mr. N. RAMA RAO, B.A., B.L.
CHAIRMAN
OF THE
BOARD OF DIRECTORS.

Camp Bangalore City,

30th May 1940. 193

Enclosures -
2 Estimates, A & B



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xxx
G
30/5/40

C. E. Noronha, Esq., M.A.,
Secretary to the Government of Mysore,
Development Department,
BANGALORE.

Sir,

With reference to your letter No.D 5242/Seri. 60-39 dated 14th May 1940 and in continuation of my letter dated 17th May 1940 in reply thereto,

I have the honour to request you to be so good as to move Government to grant us an Industrial Loan of Rs.75,000/- to enable us to open filatures immediately at Sidlaghatta and Kuderu.

At Sidlaghatta it is proposed to start a Filature with 48 basins. The capital required for this is Rs.70,000/- as per details given in estimate 'A.'

It is proposed to start a Filature with 24 basins at Kuderu (Chamarajanagar Taluk). The capital required for this is Rs.40,000/-, as per estimate 'B.'

I beg that the industrial loan prayed for might be granted on the same terms in regard to interest and

TELEGRAMS: "MYSORESILK" BANGALORE CITY

TELEPHONE NO. 2488

The Mysore Silk Filatures, Limited

51, GANDHINAGAR, BANGALORE CITY

MR. N. RAMA RAO, B.A., B.L.
CHAIRMAN
OF THE
BOARD OF DIRECTORS.

Camp .....

..... 193

Serial 63-39 (1-47)

security as the one graciously sanctioned to the Mysore Spun Silk Mills, Ltd.

The loan may be kindly made available in the form of a cash credit of Rs.30,000/- in the T. Narasipur Taluk Treasury, and of Rs.45,000/- in the Taluk Treasury of Sidlaghatta.

I request you to be so good as to intimate the terms under which Government are prepared to take more shares in the Mysore Silk Filatures, Ltd., in order to enable me to obtain the views of the General Body in regard to the reconstitution of the Company.

Thanking you,

I have the honour to be,
Sir,
Your most obedient servant
For The Mysore Silk Filatures, Ltd.,

N Rama Rao

Chairman.

BNM:

24 A — 48 basins

A.

ESTIMATE FOR INSTALLING 48 BASINS.

Site and Buildings:--

Site 8 acres at Rs.300/- per acre.	Rs.2,400/-.	
Main Building 60' x 30' at Rs.2/- per sq. foot.	3,600/-.	
Boiler Shed and stifling room 2 x 30' x 15' at Rs.2/- per sq. ft.	1,800/-.	
Cocoon stores 60' x 40' at Rs.2/- per sq. ft.	4,800/-.	
Silk Store, Examination room & Office.	5,000/-.	
Well, with revetment, pumping plant, overhead tank, complete.	3,000/-.	
Miscellaneous structures (Watchmen's shed, latrines, lunch shed, etc).	1,400/-.	
	----------	Rs.22,000/-.

Machinery:--

48 basins at Rs.120/- each.	5,760/-.	
Vertical Boiler.	3,000/-.	
Electric Motors, 4 of 1 H.P. at Rs.150/-.	600/-.	

	9,360/-	
	say	Rs. 9,500/-.

Equipment:--

Fixtures to Electric fittings etc.	750/-.	
Cocoon racks.	1,500/-.	
Furniture.	750/-.	
Motor van for transport of cocoons, fuel etc	3,000/-.	
Tools & Plant.	750/-.	
Scientific & technical appliances, such as, seri-meter, denier scales, epron-vettes, etc.	1,000/-.	
	----------	Rs. 7,750/-.

	Total..	39,250/-.

Estimate of the cost of working a Filature of 48 basins.

1. Total quantity of cocoons (basis of calculation:-

   24 basins producing 1.5 lbs. silk per day for 300 days).--

   24 basins 1.0 for 300 days.

   Rendita 17: 1.)

3,06,000 lbs. of cocoons at 0-5-0 per lb. including transport & stifling. ..Rs.95,600/-.

Yearly average production

18,000 lbs. of silk.
9,000 lbs. of silk-waste.

2. Labour:--

Reelers.	48 at 0-5-0 for 300 days.	4,500/-.	
Cookers.	32 at 0-3-0 "	1,800/-.	
Knotters.	12 at 0-3-0 "	674/-.	
Waste preparers.	16 at 0-3-0 "	900/-.	
Silk Examiners.	8 at 0-4-0 "	600/-.	
Skein makers	2 at 0-4-0 "	150/-.	
Cocoon stores	20 at 0-2-6 "	940/-.	
		9,564/-	
		say	..Rs. 9,600/-.

3. Supervision & Management:-

Manager.	1 at	Rs.75/-.
Asst. Manager	1 at	55/-.
Basin Supervisors	4 at 20/-.	80/-.
Cocoon stores keeper.	1 at	30/-.
Accountant & clerk.	1 at	30/-.
Watchman	1 at	12/-.
Peon.	1 at	10/-.
Basin cleaners	2 at 8/-.	16/-.
Attenders	4 at 8/-.	32/-.
		314/-.

For 12 months. Rs.3,768/- or .. Rs. 3,800/-.

4. Power & Light:-

at Rs.40/- per month. .. 480/-.

5. Fuel.--

at Rs. 1½ tons per day at Rs.8/- per ton. .. 3,600/-.

6. Repairs & Renewals. .. 500/-.

7. Depreciation:--

Buildings at 2½% on 22,000/-.	550/-.	
Machinery at 5% on 9,500/-.	475/-.	
Equipment 10% on 4,750/-.	475/-.	
+ 20% on 3,000 (van).	600/-.	
		.. 2,100/-.

C.F. ..Rs. 1,15,680/-.

B.F. Rs.1,15,680/-.

8. Overhead:--

	p.m.
Managing Agency allowance.	Rs.50/-.
Industrial Adviser's honorarium.	25/-.
Office establishment.	30/-.
Other expenses.	40/-.
	145/-
	or say 150/-

For 12 months at Rs.150/- per month 1,800/-.

Total cost of production for 18,000 lbs. of silk and 9,000 lbs. of waste. Rs. 1,17,480/-

say Rs. 1,17,500/-.

Of this on the basis for four turn-overs the year, the working capital for 3 months would be approximately .. Rs. 29,500/-.

Abstract of capital needed.--

Site & Buildings.	..Rs.22,000/-.
Machinery.	.. 9,500/-.
Equipment.	.. 7,750/-.
Working capital (3 months).	.. 29,500/-.
	..Rs.69,750/-.

Financial Result.

Total cost of manufacturing 18,000 lbs. of silk & 9,000 lbs. of waste.	..Rs.1,17,480/-.	
Deduct realisation from silk-waste at 0-10-0 per lb.	..Rs. 5,625/-.	
Deduct realisation from double cocoons (proportion 8% of total purchase @ 0-2-0 per lb.).	3,060/-.	
	Total.. 8,685/-.	

Cost of production for 18,000 lbs. of silk is

Rs.1,17,480/-.	
Rs. 8,685/-.	
	Rs.1,08,795/-.

Cost of production per lb. ..Rs.6 0 7.

Average selling price. ..Rs.6 12 0.

Profit per lb. ..Re.0-11- 5.

Total profit on 18,000 lbs. = Rs.12,743-14-0 say Rs.12,700/-

On a capital of Rs.70,000/- this would work out to a profit of 18%.

Ext B - 24 Basins

B.

(1)

ESTIMATE FOR INSTALLING A UNIT OF 24 BASINS.

Site and Buildings:--			
Site - 5 acres at Rs.300/- per acre.	.. Rs.	1,500/-.	
Main Building for the machinery 50' x 30' with asbestos roofing at Rs.2/- per square.	..	3,000/-.	
Boiler Shed and Stifling room 2 x 20' x 15' at Rs.2/- per square.	..	1,200/-.	
Cocoon Stores 50' x 30' at Rs.2/- per square.	..	3,000/-.	
Silk Stores, examination room and Office.	..	4,000/-.	
Well with stone revetment, water tank with structures, pumping set etc.	..	1,500/-.	
Miscellaneous (Watchman's shed, latrines, lunch shed, wire fencing etc).	..	800/-.	
			15,000/-.
Machinery:--			
24 Mysore Basins at Rs.120/- each.	..	2,880/-.	
Vertical Boiler (for both reeling and stifling).	..	1,500/-.	
Electric Motors 2 of 1 H.P. for turning wheels at Rs.150/- each.	..	300/-.	
	..	4,680/- or	5,000/-.
Equipment:--			
Fixtures to filature electric fitting etc.	..	500/-.	
Cocoon racks.	..	1,000/-.	
Furniture.	..	500/-.	
Motor Van for transport of cocoons.	..	2,000/-.	
Tools and plant.	..	500/-.	
Scientific appliances - denier scale seri-metre, etc.	..	500/-.	
			5,000/-
Total	..		25,000/-

ESTIMATE OF THE COST OF WORKING 24 BASINS FILATURES.

1. Total quantity of cocoons:-

Renditta 17: 1.

at 1.5 lbs. per basin x 12 basins } x Renditta 17 x 300 days.
at 1.0 lbs. per basin x 12 basins } = 1,53,000 lbs. of cocoons.

1,53,000 lbs. of coooons at 0-5-0 per lb. including transport and stifling. Rs.47,800/-.

Yearly average production 9,000lbs. of silk.

2. Labour:-

Reelers.	24 at 0-5-0 a day for 300 days.	Rs.2,250/-.		
Cookers.	16 at 0-3-0 "	900/-.		
Knotters.	6 at 0-3-0 "	337/-.		
Waste preparers.	8 at 0-3-0 "	450/-.		
Silk Examiners.	4 at 0-4-0 "	300/-.		
Skein maker.	1 at 0-4-0 "	75/-.		
Cocoon.	10 at 0-2-6 "	470/-.		
		4,782/-	or	4,800/-.

3. Supervision and Management:-

Manager.	50/-.	
Basins Supervisors 2. ..	40/-.	
Cocoon Stores Assistant 1. ..	20/-.	
Storekeeper and Clerk. ..	30/-.	
Watchman and peon. ..	20/-.	
Basin cleaner. ..	8/-.	
Attenders. ..	16/-.	
	184/-	
for 12 months	2,208/-.	2,208/-.

4. Power & Light:-

at Rs.30/- per month. 360/-.

5. Fuel:-

¾ of a ton a day for 300 days at Rs.8/- a ton. 1,800/-.

6. Repairs and Renewals. 250/-.

Total.. Rs.57,218/-.

B.F. Rs.57,218/-.

7.Depreciation:--

Buildings	2½%.	Rs.400/-.
Machinery	5%.	250/-.
Equipment	10%.	300/-.
Motor Van.	20%.	400/-.
		1,350/-.

8. Overhead expenses:--

Managing Agency allowance.	50/-.
Industrial Adviser's hon-	25/-.
Office establishment.	30/-.
Other expenses.	40/-.
	145/- or 150/-.

For 12 months. 1,800/-.

Total..Rs. 60,368/-.

Rs. 60,368/-.

Less value of silk waste and double cocoons:-

Silk Waste:- 5 lbs. i.e., ½ lb. per pound of silk. 4,500 lbs. at Re.0-10-0 per lb. 2,812-8-0.

Double cocoons:- 8% 12,240 lbs. at 0-2-0. 1,530/-

4,342/8/-

Cost of manufacturing 9,000 lbs. of silk .. Rs. 56,025/8/-

COST PER LB. OF SILK Rs.6-3-7.

Average selling price per lb. of silk. Rs.6-12-0.

Cost of manufacturing per lb. of silk. 6-3-7.

Profit per lb. of silk. 0-8-5.

Profit for 9,000 lbs. of silk at Re.0-8-5 per lb. = Rs.4,740/-.

Fixed capital. ..Rs.25,000/-.

Working capital for 3 months. ..Rs.15,000/-.

Total ..Rs.40,000/-.

Profit on Rs.40,000/-. ..Rs. 4,740/- = 12% on the capital.

Appendix F G—1]

SUBJECT..... Grant of industrial loan of Rs 75,000/- to open filatures at Siddaghatta & Kundana

Section Sericulture

File No. 60-39

Serial No. 4

Diary No. of letter replied to 4581

No. D 5300

To

The Dy of Ind

General and Revenue Secretariat

( )

the *19*

Sir,

I am directed to forward in original* letter dated 30.5.40 from the Chairman of the Board of Directors, Improved Silk Filatures Ltd. on the above subject for favour of and to request you to favour Govt with your opinion in the matter very early.

I have etc

for Secy. to Govt

Dept.

Date of issue 4/6/40

* To be returned with the reply

Signed by M G M

List of enclosures.....

Copied by .....

8/6

Examined by.....

WD 03695—GPB—30,000—29-1-40

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. D 5300 *Dated, Bangalore,* 4 June 1940.

From

The Secretary to Government of His Highness the Maharaja of Mysore,
Development Department.

To

The Director of Industries and Commerce in Mysore, Bangalore.

Sir,

SUBJECT: Grant of Industrial loan of Rs.75,000 to open filatures at Sidlaghatta and Kuderu.

** To be returned with reply

I am directed to forward in original letter dated 30th May 1940 and its enclosures from the Chairman of the Board of Directors, Mysore Silk Filatures Ltd., on the above subject and to request you to favour Government with your opinion in the matter very early.

I have the honor to be,
Sir,
Your most obedient servant,

Draft

For Secretary to Government,
Development Department.

** To be returned with the reply.

SR/2

Seri 60-39-5

SECY. DEV. DEPT. 9. JUN. 1940 GOVT. OF MYSORE

4710

Tele | Phone No. 2004
Grams—INDUSCOM.

In reply please quote number, date & short title.

GOVERNMENT OF MYSORE

DEPARTMENT OF INDUSTRIES AND COMMERCE.

FROM B.G.A. Mudaliar Esq., B.A., B.Sc., A.M.I.Mech.E.
Ag.Director of Industries and Commerce in Mysore,
Bangalore.

To C.E. Noronha Esq., M.A.,
Secretary to Government, Development Department,
Bangalore.

No. IN 456/39 [illegible] Dated 6th June 1940.

Enclosures Three. 8th

SIR,

Subject: Grant of Industrial Loan of Rs.75,000/- to open filatures at Sidlaghatta and Kuderu.

With reference to your letter No.D.5500/Seri.60-39-4 dated 4th June 1940, I have the honour to offer my remarks on the application made by the Chairman of the Mysore Silk Filatures Ltd., for the grant of an Industrial Loan of Rs.75,000/- to enable his Company to open filatures at Sidlaghatta and Kuderu.

I have perused the estimates prepared by the Chairman for the two filatures, one at Sidlaghatta and the other at Kuderu. The profit in the former case is estimated at 18% and in the latter at 12%. These figures naturally depend upon the cost of cocoons and the selling price of the silk and to a certain extent on the skill of the people employed to do the work. As in the case of T. Narsipur, it may take some time before the people become skilled in this work and therefore, it will affect to a certain extent the realisation of the estimates of profits.

I am in favour of starting more filatures in the State. It is necessary to increase the number of such filatures wherever there are sericultural centres. This will result in producing good quality

P.T.O.

~~quality~~ good quality silk which will fetch a higher price than the ~~one~~ silk which is reeled from the country-charka. Besides, the wastage will be minimised and good quality silk waste can be obtained. This will indirectly help to increase the value of the products obtained from the raw cocoons. The Spun Silk Factory also will be benefited if they could depend upon such concerns for their waste-silk rather than on the indefinite and varying market in Charka waste silk.

As regards security for the loan which is rather an important point, the Chairman obviously implies that the concerns themselves will have to be taken as security as in the case of the Spun Silk Factory. In cases of this nature, if any default in payment of the loan arises, the amount outstanding cannot usually be recovered in full, due to the fact that the buildings and the machinery are of a nature which cannot be sold easily at anything like a reasonable cost. The only alterantive in such a case seems to be that Government have to take over these concerns and run them themselves. However, such a contingency need not be anticipated as with the experience that they have already gained at T.Narsipur, they should be able to organise better, and quickly get to the normal production.

As regards the amount, the total working capital they need is Rs.1,10,000/-, inclusive of fixed capital and working expenses. I therefore recommend that taking into account the kind of security offered, one-half of this amount may be advanced as loan on as favourable conditions as possible, in the interests of the silk industry. The proportion in which this loan can be divided would be Rs.32,000 and 18,000 for the schemes "A" and "B" respectively.

I have the honour to be,
Sir,
Your most obedient servant,

BGAM.SGR-3) DIRECTOR.

Proceedings of the Govt. of His Highness the Maharaja of Mysore.

Read :-

Correspondence ending with letter dated 30th May 1940 from the Chairman, The Mysore Silk Filatures Ltd., requesting the grant of a loan of Rs.75,000/- in the form of a cash credit of Rs.30,000/- in the T-Narasipur Taluk Treasury and Rs.45,000/- in the Taluk Treasury at Sidlaghatta for opening new Filatures at Sidlaghatta and ~~Kumsi~~ Kuderu.

2. Letter No.D4-456-39 dated 8th June 1940 from the Director of Industries and Commerce furnishing his views in the matter.

ORDER NO. D 360-62 Seri 60-39-6.

Dated, Bangalore, the 19/7/1940.

The Mysore Silk Filatures Ltd., propose to start two new Filatures, one at Sidlaghatta with 48 basins involving a capital expenditure of Rs.70,000/-, and the other at Kuderu in Chamarajanagar Taluk with 24 basins, involving a capital of Rs.24,000/-, and have applied for a cash credit loan of Rs.75,000/- for expenditure in this connection.

2. Government are pleased to sanction the request of the Company and direct that a sum of Rs.75,000/- be placed at the disposal of the Company on the security of the present and future assets of the Company; the amount will be treated as a cash credit, subject to repayment in 3 years with interest at 4% per annum. ~~In case of default in payment of the loan~~, the ~~xxx~~ amount due will be ~~recovered as arrears of land revenue; a stipulation to this effect shall be inserted in the agreement to be obtained by the Company.~~

3. The Comptroller is requested to get the

necessary documents executed in consultation with the Director of Industries and Commerce before the loan is disbursed, and arrange for an audit of the accounts of the Company as contemplated in G.O.No.D.4059-66/Seri.86-36-5 dated 30th November 1937.

Secretary to Government,
Development Department.

To

The Chairman, Mysore Silk Filatures Ltd.,
The Director of Industries and Commerce.
The Comptroller to Govt., through the F.D.

KB

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat.

Dated, Bangalore, 23 July 1940.

D 382
Seri 60-39-7

FROM

The Secretary to the Government of His Highness the Maharaja of Mysore.
Development Department.

To

The Chairman,
The Mysore Silk Filatures, Ltd.,

T. Narasipur

Sir,

With reference to the correspondence ending with your letter dated 30th May 1940 requesting that Government may take up additional shares in your Company etc., I am directed to state that Government would be prepared to take 2500 additional shares, making a total of 4000, provided the Company reconstitutes itself as indicated below -

1. The services of the managing agents to be dispensed with.
2. The Chairman and another Director to be nominated by Government.
3. The appointments of Manager and Secretary to be subject to the approval of Government.

Pending reconstitution of your Company as above, Government are pleased to allow you a cash credit of Rs.75,000/- for a period of 3 years subject to payment of interest at 4% per annum and other conditions indicated in Government Order No.D. 360-62/Seri 60-39-6 dated 19/7/40 a copy of which is enclosed for your information.

Government trust that the Company will take early steps towards such a reconstitution and also endeavour to increase its share capital, so that it may repay the loan to Government within the stipulated period.

I have the honour to be,
Sir,
Your most obedient servant,

19/7/40

for Secretary to Government,
Development Department.

D 382

DRAFT. Seri 60-39-7

The Chairman,
The Mysore Silk Filatures Ltd.,

Sir,

With reference to the correspondence ending with your letter dated 30th May 1940 requesting that Government may take up additional shares in your Company, etc, I am directed to state that Government would be prepared to take 2500 additional shares, making a total of 4000, provided the Company reconstitutes itself ~~on the following lines :-~~ as indicated below

1. ~~Dispense with~~ The names of the managing agents shall appear on
2. The Chairman and another Director to be nominated by Government;
3. The appointments of Manager and Secretary to be subject to the approval of Government.

Pending reconstitution of your Company ~~on the lines indicated~~ above, Government are pleased to allow you a cash credit of Rs.75,000/- for a period of 3 years subject to payment of interest a 4% per annum and other conditions indicated in G.O.No.D. 369-62/Sei 60-39-6 dated 19/45 a copy of which is enclosed for your information.

Government trust that the Company will take early steps towards such a reconstitution and also endeavour to increase its share capital, so that it may ~~pay off~~ repay to Govt the loan within the stipulated peri

I have etc.,

Secretary to Government,
Development Department.

The Mysore Silk Filatures, Limited

T. NARASIPUR

MR. N. RAMA RAO, B.A., B.L.
CHAIRMAN

CAMP Mysore.

SECY. DEV. DEPT. 9. JUL 1940 GOVT OF MYSORE

Ref No. 7936

DEVELOPMENT BRANCH.

6th July, 1940.

138

OFFICE OF THE FIRST MEMBER OF COUNCIL
JUL 16 1940
No 697

The Secretary to Government of Mysore,
Development Department,
BANGALORE.

Sir,

In continuation of my letter dated 30th May, 1940 requesting Government for the grant of an Industrial Loan of Rs.75,000/- to enable the Mysore Silk Filatures, Ltd., to start Filatures at - Siddlaghatta and Kuderu, I have the honour to submit for the information of Government extract of a resolution passed by the Board of Directors at their Meeting held on 1st July, 1940. The text of the resolution is given below:

Resolution No.13:

"The Chairman explained to the Board the progress of his negotiations with Government on behalf of the Company for obtaining an - Industrial Loan of Rs.75,000/- inthe form of a cash credit for the establishment of Filatures at Siddlaghatta & Kuderu. The capital required for these Filatures according to the estimates which the Chairman now submitted to the Board and which the Board now tentatively approved, would be Rs.70,000/- and

Rs.40,000/- respectively. The Board after discussing the question fully re-affirmed its previous resolution that the present time is very favourable for expanding our activities and they approved of the action already taken by the Chairman and decided to authorise him to pursue the negotiations till final orders of Government sanctioning the loan were obtained.

They further authorised the Chairman with one of the Managing Agents being a member of the Board to execute the necessary documents and for completing the transaction with Government after the loan is sanctioned."

I beg you to obtain the orders of Government sanctioning the loan prayed for as early as possible in order that the present favourable opportunity may not be missed.

I have the honour to be
Sir,
Your most obedient servant,
For THE MYSORE SILK FILATURES, LTD.

N Ramma Raj

Chairman.

Arn,

Seri 60-39-8

The Mysore Silk Filatures, Limited

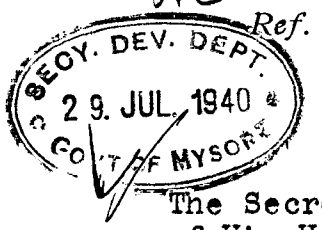
T. NARASIPUR

MR. N. RAMA RAO, B.A., B.L.
CHAIRMAN

CAMP T. NARASIPUR.

Ref. No. Dre

26th July, 1940.



The Secretary to Government
of His Highness the Maharaja of Mysore,
Development Department,
B A N G A L O R E.

430

Sir,

I have the honour to acknowledge receipt of 1). Government order No. D.360-62/Seri. 60-39-6 dated 19th July, 1940 sanctioning to the Mysore Silk Filatures, Ltd., a cash credit loan of - Rs.75,000/- for the purpose of starting two new Filatures and 2). letter No.D.382/Seri. 60-39-7 dated 23rd July, 1940 intimating that Government would be prepared to take 2500 additional shares in the Company provided the Company reconstitutes itself on lines indicated in the letter.

I request you to convey to Government our - grateful thanks for the sympathetic and generous accomodation extended to us and to assure them that no effort will be spared on our part to justify the confidence so graciously reposed in us. We are taking steps to complete necessary documents

in this connection, and to start work with the least possible delay.

In regard to the letter referred to above I am taking immediate action to bring the proposal before the Board at an early meeting and before the General Body at an extraordinary meeting to be convened for the purpose. The decision of the Company will be submitted to Government in due course.

Thanking you,

I have the honour to be
Sir,
Your most obedient servant,
For THE MYSORE SILK FILATURES, LTD.,

K Rama Rao
CHAIRMAN.

Arn.

The Mysore Silk Filatures, Limited

T. NARASIPUR

MR. N. RAMA RAO, B.A., B.L.
CHAIRMAN

CAMP T. NARASIPUR.

Ref. No. .....

26th July, 1940.

OFFICE OF THE FIRST MEMBER OF COUNCIL
JUL 29 1940
No .....

GEN. & REVENUE SECRETARIAT.
DEVELOPMENT BRANCH.

My dear Madhava Rao,

The Government order sanctioning a cash credit of Rs.75,000/- arrived yesterday. Please accept my grateful thanks and those of the Filatures Ltd., for this order. The sympathy of Government is an inspiration to us;and believe me, we shall spare no effort to justify the confidence which Government have graciously reposed in us.

Another letter from the Secretary to Government, Development Department stating the conditions on which Government would be prepared to take additional shares in the Company is receiving attention. I am taking immediate steps to get a decision. We shall also endeavour to increase our Share Capital so as to repay the loan to Government

within the stipulated period.

With gratitude and very kind regards,

Yours sincerely
K Rama Rao

Arn.

Rajamantrapravina
N. Madhava Rao, Esq., B.A.,B.L.,
1st Member of Council,
Government of His Highness
the Maharaja of Mysore,
BANGALORE.